

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

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U.S. DISTRICT COURT
SAN JUAN, P.R.

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In re:

PROMESA
Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS
(Jointly Administered)

THE COMMONWEALTH OF PUERTO RICO,
et al.,

Debtors.

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In re:

PROMESA
Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3284-LTS

PUERTO RICO SALES TAX FINANCING
CORPORATION (COFINA)

Debtor.

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**SUPPLEMENTAL DECLARATION OF PETER C. HEIN IN RESPONSE TO
THIRTEENTH OMNIBUS OBJECTION (RESPONDING TO DOCKET 4417)**

Pursuant to 28 USC § 1746, I declare under penalty of perjury that the following
statements are true and correct to the best of my knowledge and belief:

1. This declaration attaches certain documents and statements referred to in my
accompanying "Supplement to Response and Opposition, of Individual COFINA Subordinate
Bondholder Residing in the 50 States Who Purchased at the Original Offering Prices, to
COFINA's Thirteenth Omnibus Objection to Individual Claim No. 10701." The factual
statements in my Supplement are true and correct to the best of my knowledge and belief.

2. On or about February 14, 2019 Puerto Rico Fiscal Agency and COFINA posted an “Event Notice” on EMMA announcing that the Effective Day of the Third Amended Title III Plan had occurred on February 12, 2019 and that, “on the Effective Date,” Puerto Rico Fiscal Agency, COFINA and the FOMB and certain beneficial holders of the new COFINA bonds had entered into a “Tax Exemption Implementation Agreement”. A copy of this posted “Event Notice” (dated February 12, 2019), is annexed as Exhibit A.

3. Attached as Exhibit B is the “final” notice BNY Mellon posted on EMMA on February 12, 2019.¹ Attached to the “final” notice of BNY Mellon as trustee dated February 12, 2019, as Annex A, was a “Distribution Notice”. This Distribution Notice in turn attached turgid spreadsheets that reference the new securities and/or cash to be received in the “mandatory exchange” of the original COFINA bonds. The turgid spreadsheets attached to the “distribution notice” reflect the fact that someone who had one CUSIP bond before the exchange was supposed to end up with 14 CUSIP fragments or bonds (or cash in lieu of bonds) after the exchange.

4. Attached as Exhibit C is a “Note from Dissemination Agent” posted by the Puerto Rico Fiscal Agency, stating that it was posting the February 12, 2019 notice from BNY Mellon as trustee “at the request of the Trustee” but that “[t]he attached notice does not reflect the views or the input of AAFAF or COFINA” and that questions may be “directed to the Trustee”.

5. Attached as the first page of Exhibit D is a February 21, 2019 “Note from Dissemination Agent” posted by the Puerto Rico Fiscal Agency, stating that it was attaching a

¹ To my knowledge this notice was not actually sent to all COFINA bondholders, not even COFINA bondholders who had filed claims and provided email addresses or mailing addresses. Rather it appears that BNY Mellon simply requested “depositories, custodians and other intermediaries receiving this notice” to transmit it to beneficial owners. I did not receive the trustee’s notice or the accompanying “Distribution Notice” directly in the regular course from either of the brokers who held my COFINA bonds. Rather I – like I suspect other modest sized COFINA bondholders in the 50 states – had to obtain these notices through EMMA or Prime Clerk or by reaching out to request it from a broker. The only post-consummation notice I received in the regular course by mail was a copy of a four-page Notice of Entry of Order Confirming the Third Amended Title III Plan, a copy of Docket #5104, which was mailed to me by my brokers in March.

notice “prepared by Prime Clerk and posted on the Prime Clerk website on February 21, 2019.” The Puerto Rico Fiscal Agency went on to emphasize that the attached “notice does not reflect the views or the input of [COFINA] or [the Puerto Rico Fiscal Agency]”. The “Supplemental Notice of Distribution to Holders” posted on February 21, 2019 follows in Exhibit D.

6. Attached as Exhibit E is a Notice of Issue Prices of new COFINA bonds posted on EMMA on March 20, 2019.

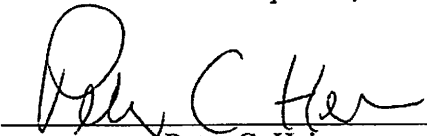
7. The publicly available EMMA website maintained by the Municipal Securities Rulemaking Board provides trading data for bonds issued by COFINA. One can find the trading history for a particular bond by going to emma.msrb.org, and then typing the CUSIP in the search box. This displays trading histories, such as those that I printed out and marked as Exhibit F.

8. Attached as Exhibits G and H hereto are analyses by Glenn Ryhanych and Robin Deshayes that illustrate some of the problems with the COFINA exchange.

9. Attached as Exhibit I is the redaction “activity” report for distributions to me with respect to a single \$250,000 par CAB bond purchased at the original offering price in 2011, and held at one broker before the exchange. As is evident, whereas pre-exchange I had *one* \$250,000 par bond, following the exchange there were literally *50* individual transactions in my account related to the mandated exchange of my one \$250,000 par CAB.

10. Attached as Exhibit J is a Declaration of Mark Elliott dated April 10, 2019.

Dated: April 10, 2019


Peter C. Hein